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John King/R1/USEPA/US

12/27/2012 09:41 AM

To Michael Fisher

cc

bcc

Subject RE: State regulators have ordered Public Service of New Hampshire to turn over internal information and analysis about the company's Merrimack Station scrubber project.

Mike,

I also hope you had non-hectic holiday ... Healthy and Safe New Year.

There is additional controversy associated with another PSNH project. PSNH plans to buy power from Hydro Quebec. In order to bring that power to lower NH PSNH has to build a system of towers from the Canadian boarder to a PSNH right of way. Those towers would pass through some of the most beautiful country in northern New England; the Upper Connecticut River Valley. My wife and I spend considerable time in that area fly fishing, and we know the locals are very angry with PSNH's "Northern Pass" project. There are thousands of anti-Northern Pass posters along the roads in northern NH. The message to PSNH is, "Live Free or Fry." There was an interesting article about the North Pass controversy in the Globe on December 23;
<http://www.bostonglobe.com/lifestyle/health-wellness/2012/12/23/northern-pass-transmission-line-project-new-hampshire-being-fought-with-unusual-tactics/wXrSLX0v0HQNXLAN6NRmKL/story.html>

John

Michael Fisher

John, Interesting. I agree the analysis would be i...

12/27/2012 08:51:03 AM

From: Michael Fisher <Michael_Fisher@abtassoc.com>
To: John King/R1/USEPA/US@EPA
Date: 12/27/2012 08:51 AM
Subject: RE: State regulators have ordered Public Service of New Hampshire to turn over internal information and analysis about the company's Merrimack Station scrubber project.

John,

Interesting. I agree the analysis would be interesting to see.

[REDACTED]

[REDACTED]

Hope you had a good holiday.

Regards,
Mike Fisher

From: king.john@epamail.epa.gov [mailto:king.john@epamail.epa.gov]

Sent: Thursday, December 27, 2012 8:10 AM


To: Michael Fisher

Subject: Fw: State regulators have ordered Public Service of New Hampshire to turn over internal information and analysis about the company's Merrimack Station scrubber project.

Mike,

Getting to review PSNH's economic analysis of the scrubber project would be very interesting.

John

PSNH told to turn over details about \$422 million project | 

Outlet Full Name: Union Leader - Online

News Text: CONCORD - State regulators have ordered Public Service of New Hampshire to turn over internal information and analysis about the company's Merrimack Station scrubber project.

In the order issued Monday, the Public Utilities Commission ordered Public Service to produce the economic analysis it used to go forward with the \$422 million project, as well as fuel cost forecasts and projections about environmental compliances and their costs.

The state's largest utility has fought the requests by TransCanada, a large energy producer and supplier, and several environmental groups seeking the information, saying the Legislature determined the scrubber had to be built to reduce mercury gas emissions, and the company followed the law.

Next year, the PUC will determine how much of the \$422 million the company's customers will have to pay through their electric rates.

In September 2011, Public Service declared the scrubber at Merrimack Station in Bow, the company's largest power plant, was working and customers could be charged for its costs, and the PUC granted the company a temporary rate hike to help recover its investment. Power producers and sellers, the state consumer advocate and environmentalists challenged the company's contention it could begin charging customers for the project.

At the same time, the PUC also opened an investigation into how much of the project's costs could be charged to ratepayers.

TransCanada and others have long argued the scrubber should never have been built after the estimated cost of the project increased from \$250 million in 2006 to \$457 million in 2009.

They argue Public Service could have sought a variance from the law's 80 percent mercury emissions reduction requirement before the commission due to "economic infeasibility," but did not.

TransCanada argues Public Service could have asked the PUC to allow alternative reduction targets in order to reduce the cost of the project.

But Public Service maintains the 2006 law requiring the scrubber also required the 80 percent reduction in mercury emissions.

But the PUC disagreed, writing in its order: "PSNH's interpretation that the law required installation of the Scrubber irrespective of cost would have allowed PSNH, or another utility owner, to install scrubber technology costing many billions, a decision which flies in the face of common sense and would violate the principle of statutory interpretation that one avoid an illogical or absurd result when construing legislative language."

In the Dec. 24 order, state regulators approved requests for economic analysis, fuel forecasts, information on the need for a cooling tower to meet environmental requirements, data on whether Public Service explored all its options and the costs of different mercury reductions levels besides the 80 percent set in law.

Regulators wrote: "We find that any economic analysis PSNH may have conducted and what conclusions it reached regarding the costs of the Scrubber and environmental compliance related to the Scrubber, are reasonably calculated to lead to evidence that is relevant to our consideration of PSNH's prudence in constructing the Scrubber. Further, whether or not PSNH analyzed its options under RSA 125-O: 17, and what conclusions it reached as a result of its analysis, are reasonably calculated to lead to evidence relevant to PSNH's prudence in constructing the Scrubber."

Regulators did not require the company to provide information produced since the scrubber began operations last year nor information Public Service supplied lawmakers in 2006 before they finalized the law.

Public Service spokesman Michael Skelton said Wednesday, "We are still in the process of reviewing the order and will respond when it's appropriate to do so."

The PUC set a May 3 deadline for the parties to reach a settlement and scheduled hearings on the case May 14, 15 and 16.

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